

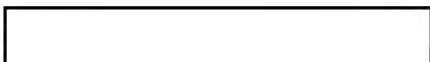
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15 September 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

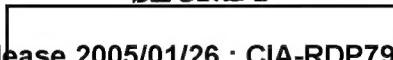
CENTRAL INTELLIGENCE AGENCY

ONI, DOS and DIA
review(s) completed.

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GENERAL

1. Kennan believes Sino-Soviet talks involve real bargaining:
Ambassador Kennan believes that a tour by the Chinese delegation to points of interest in the USSR indicates that Sino-Soviet negotiations have reached a point where instructions from Peiping have become necessary. Kennan considers that the length of the talks shows that they are not "pro-forma" in character, but that real bargaining is taking place.

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4. Mongolian campaign to promote Chinese friendship: A campaign to promote Mongolian-Chinese friendship and to familiarize the Mongols with economic and cultural development of China will be held in the Mongolian People's Republic from 1 to 10 October, according to a broadcast from Ulan Bator.

Comment: This announcement suggests that one of the results of the current Sino-Soviet-Mongol talks in Moscow may be a Chinese-Mongolian Cultural Agreement. Peiping has such agreements with European Satellites, but not with other Asian countries.

SOVIET UNION

5. USSR apparently attempts to observe NATO exercises: The captain of the Polish merchant ship Narvik, now under charter to the Soviet Union, has requested permission to receive cargo from the Russian ship Tungas in the protected waters of Skagen Roads or Aalbeck Bay at the northeast tip of Denmark on or about 15 September.

The reason given was that during the last transfer of cargo in open water near Bear Island in the Arctic Ocean, damage was sustained by both vessels.

The American Naval Attache in Copenhagen comments that this is obviously an attempt to set up an observation post near the area involved in the amphibious phase of the NATO exercises.

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Comment: On 6 September [] reported about 40 large Soviet trawlers in waters where NATO maneuvers were scheduled to take place. Other attempts have been made to observe this area through daily visits of East German, Polish, and Soviet craft.

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EASTERN EUROPE

6. Finnish Communists crossing illegally into Soviet Union: On 3 September a usually reliable Helsinki newspaper reported that the state police were investigating illegal border crossings by Finnish Communists into the USSR. According to the report, this type of activity is concentrated in south-eastern Finland, but there have been illicit crossings back and forth into Sweden as well.

The American Legation comments that border crossing is reliably understood to be carried on, but as yet no case has been broken because of the government's failure to secure witnesses willing to testify publicly. []

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Comment: Finnish authorities have long been aware of such activities on the part of less important Communist Party functionaries. A matter of long-standing concern to the government, however, has been the fact that the Finnish border authorities are not permitted to exercise control over the trains which the Soviet Union operates on a fairly regular schedule between Leningrad and their base at Porkkala west of Helsinki. This route enables the more important Finnish and Scandinavian Communists to make secret visits to the USSR.

7. Hungarian factories promise extra work shifts in honor of Soviet Party Congress: The Hungarian official party organ reported that many Hungarian factories had offered to work extra shifts in honor of the nineteenth congress of the Soviet Communist Party. The US Legation points out that the machine tool and equipment factories concerned ordinarily shipped a large proportion of their output to the USSR. []

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Comment: Czechoslovakia already has called for extra work shifts in honor of the Party Congress and of the forthcoming 25th anniversary of the Bolshevik revolution. Polish workers at Nowa Huta have pledged extra shifts, and the Soviet

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workers who are constructing the Palace of Culture and Science in Warsaw have made similar promises.

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FAR EAST

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11. Soviet statement on Peiping "peace" conference: The Chairman of the Soviet Peace Committee has stated that the "peace" conference to open in Peiping in late September will be of special importance since it will "intensify the struggle for national independence and territorial sovereignty."

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25X1 His statement, which appeared in the Peiping press of 12 September, provides the first reliable Soviet hint on how the conference will deal with the wars in Indochina and Malaya. [redacted]

Comment: The conference is committed to call for a "peaceful settlement" of current conflicts in Southeast Asia. This militant Soviet line suggests that the conference will not propose truce negotiations on the Korean pattern in Indochina and Malaya but will merely repeat demands for withdrawal of foreign troops.

12. Communist war-propaganda body called "peace committee" in foreign broadcasts: The Chinese Communist "Resist America, Aid Korea Association" has been invariably designated in foreign broadcasts since March 1951 as the "China Peace Committee." Domestic broadcasts and newspapers have continued to employ the original name of this group, which organizes propaganda and arms-donation drives throughout China in connection with the Korean war. [redacted]

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25X1 Comment: A "China Peace Committee" was made necessary by the World Peace Council's call in February 1951 for an Asian and Pacific Regions Peace Conference. This committee is sponsoring the conference, which is to open in Peiping in late September. The double name is an unusually neat illustration of the Communist practice of simultaneously engaging in aggression and clamoring for peace.

13. Western tonnage in China trade continues high: During May, 86 non-Communist registered merchant ships, aggregating 467,000 gross tons, traded with Communist China. These figures were slightly higher than those for the preceding month and the highest thus far recorded this year. [redacted]

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25X1 Comment: In May as in previous months, British registry ships in China trade outnumbered those of any other nationality. US Government regulations prohibit American-flag ships from engaging in this trade.

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SOUTHEAST ASIA

14. Communists exploit agitation for improved conditions in northeastern Thailand: The American Embassy in Bangkok reports that the Communist-dominated Thai Peace Committee has appointed a subcommittee to collect funds for aid to the "destitute" northeastern provinces. [REDACTED]

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Comment: Alleged economic hardship in northeastern Thailand, the least prosperous section of the country, is a favorite issue of opposition politicians. The Embassy doubts that conditions there are as bad as they maintain, but reports that the Thai Government has seriously neglected the area.

Thai Communists increasingly are exploiting sources of popular discontent in order to penetrate and take over the leadership of groups which have been sincerely interested in improving conditions in Thailand.

15. Indonesian guerrilla group allegedly extends activity to North Celebes: A six-man gang, allegedly including followers of Muzakkar, the South Celebes guerrilla leader, on 5 September raided Tomohon, a village in the Minahasa, North Celebes. [REDACTED]

Comment: So small-scale a raid is of interest only in that the Minahasa is normally a peaceful area, and the government has long feared that Muzakkar would extend his activity to the northern part of the Celebes.

16. Burma asks United States to admit military mission: Burma has requested the United States to receive a military mission under the leadership of General Ne Win, Burmese Commander in Chief. The mission would arrive in late September to study American military organization, explore possibilities for the training of Burmese personnel, and arrange for the procurement of military supplies. [REDACTED]

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Comment: This mission would be a radical departure from Burma's policy of avoiding any semblance of military relations with the United States. The proposal indicates that Burma may be wavering in its neutral foreign policy.

SOUTH ASIA

17. Latest Kashmir negotiations end in failure: The failure of the latest Indo-Pakistani talks in Geneva indicates that the Kashmir issue will remain deadlocked for some time to come.

Pakistan was most reluctant to engage in the recent Geneva conversations, and it is unlikely to participate in future ones without first obtaining a major concession from India.

Since the UN Security Council cannot easily drop the Kashmir issue, it will presumably be faced with the task of drafting a resolution strong enough to ensure Indian and Pakistani compliance with UN mediator Graham's most recent proposals, or one suggesting new approaches to settling the dispute. It is doubtful that either India or Pakistan would feel bound to abide by any such UN resolution if it desired not to do so.

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NEAR EAST - AFRICA

18. New Iranian Ambassador to the US now reportedly convinced of American goodwill: Allayar Saleh, newly appointed Iranian Ambassador to the United States, is convinced of American friendliness, according to Ambassador Henderson. Saleh intends to try to obtain American support in the oil dispute as well as financial and economic aid. Ambassador Henderson believes that Saleh had been instrumental in reducing the amount of anti-American propaganda recently, and had helped persuade Mossadeq not to take hasty action in the oil dispute.

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Comment: Following a trip to the United States several years ago, Saleh supported American plans for Iran. With the advent of the National Front government, however, he became an ultra-nationalist.

Saleh was previously described by Ambassador Henderson as an unstable opportunist who often appeared to be pro-Communist. He has publicly expressed his opposition to Point IV and American military missions.

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20. Panikkar praises Wafd in Cairo: K. M. Panikkar, the Indian Ambassador-designate to Cairo, is making no secret of his opposition to the Egyptian military regime. Even before presenting his credentials, he has voiced strong sympathy for the Wafd, which "stood unwaveringly behind the Indian Congress Party during its days of trial."

Ambassador Caffery adds that Panikkar's press statements reflect the admiration for Communist China he showed while Ambassador in Peiping. Panikkar was quoted in the Egyptian press as stating that the "Chinese now live in prosperity and stability unknown before."

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22. South African official sees possible withdrawal from UN:
The permanent secretary of the South African External Affairs Department is convinced that his government would seriously consider complete withdrawal from the UN if the Arab-Asian group presses for an investigation of the passive resistance campaign in the Union.

He believes that the Arab-Asian bloc is planning to include a request for such an investigation in the resolution on racial discrimination in South Africa which it is preparing for introduction in the General Assembly. [REDACTED]

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[REDACTED]

Comment: This personal opinion of an astute official probably reflects current sentiment in the government, which has frequently stated that it will not tolerate UN interference in a domestic matter. Relations between South Africa and the UN have already been aggravated by the discussion of the Indian minority question and the status of South-West Africa.

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23. Moroccan nationalist requests public ICFTU support for native trade union: Moroccan nationalist leader Allal el-Fassi has requested the non-Communist International Confederation of Free Trade Unions (ICFTU) to support publicly full trade union rights for Moroccans. The American Embassy in Brussels states that El-Fassi's recent visit to ICFTU headquarters and this request were prompted by the success of Farhat Hached in winning ICFTU and American labor support for the Tunisian nationalist cause. El-Fassi probably hopes that by supporting trade union rights in Morocco, the ICFTU would be furthering nationalist aspirations. [REDACTED]

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Comment: In November 1951 the ICFTU adopted a resolution demanding trade union rights for Moroccans. In addition, one of its vice presidents in mid-1952 promised the labor adviser of the principal Moroccan nationalist party that he would try to convince the ICFTU directorate that support should be given Moroccan plans to establish an independent native union.

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WESTERN EUROPE

25. East Germans announce advance "peace congress" in Berlin:
American officials in Berlin believe that the decision to convene a "peace congress" in the "German capital of Berlin" on 15 November in preparation for the Vienna Peace Congress in December is intended to "occupy as many people for as long as possible in the propagation of Soviet proposals for a solution of the German problem." Four-power discussions are described by the East German Peace Committee as the "most pressing and important task of all peace committees and of all people who desire peace."

According to press dispatches, an initiative committee has been charged with organizing thousands of public meetings to discuss the objectives of the December convention. Plans call for the "election" of 4,500 German delegates to the Berlin congress, which will select 150 delegates to Vienna. [REDACTED]

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[REDACTED]
Comment: Since Soviet proposals have not suggested that a four-power conference is seriously desired, the immediate objective of the peace campaign insofar as the German question

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is concerned appears to be defense of the Soviet record. These initial preparations suggest an elaborate effort in this direction at the Vienna congress, although the principal themes of the congress are not yet clear.

26. East German delegation to receive polite rebuff from West German Government: The decision of Hermann Ehlers, President of the West German Parliament, to receive but not to negotiate with the East German delegation will have no effect on the government's plans for ratifying the Bonn and Paris treaties. Ehlers plans to receive the Volkskammer delegation, accept their letter, and "wish them God-speed on their return to East Germany."

Ehlers' decision, taken in concert with spokesmen of the leading parties, is designed to deprive the East German Government of any propaganda advantage and to counter any charges that the Federal Republic is acting "under American orders." [REDACTED]

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27. Dissolution of the West German Socialist Reich Party removes a threat to coalition conservatives: The recent voluntary dissolution of the neo-Nazi Socialist Reich Party (SRP) removes a threat to the conservative right-wing parties of Chancellor Adenauer's federal coalition. In consequence the right wing will probably emerge from the forthcoming federal elections with no material loss of strength.

The German Party, most conservative in the coalition, may however swing even farther right in an effort to capture support of the followers of the dissolved party. If this is successful, extremists may wrest party control from the moderates.

The decision of the SRP was made in anticipation of a Constitutional Court decision which would almost certainly have banned the party. The government was confident that "unequivocal evidence of SRP collaboration with the Soviet Union" would have brought about the legal extinction of the party.

If the party attempts to go underground as its former leader Fritz Dorls allegedly plans, its subversive effectiveness will be negligible. [REDACTED]

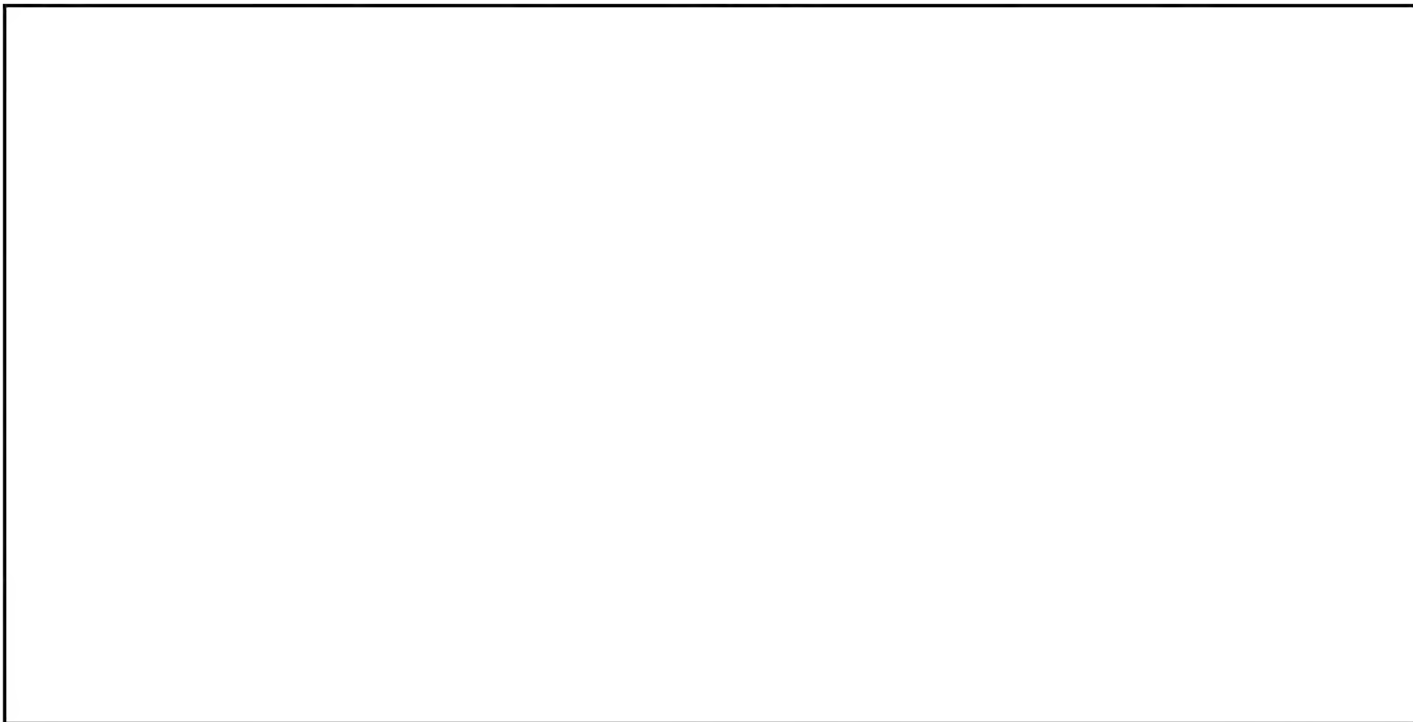
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29. French press for firm US financial assistance commitment:
Defense Minister Pleven emphasized to Ambassador Dunn on 10 September the importance of an early reply to Premier Pinay's 8 August letter stating the French assumption that the total US commitment to support the 1953 military budget is \$650,000,000.

The Embassy believes that the French are planning their annual report to NATO on the basis of this amount, and warns that France must be informed as soon as possible of the final decision on the maximum available. In view of congressional cuts in foreign aid, the Embassy suggests that the French be assured of receiving between \$500,000,000 and \$575,000,000, the actual amount to be determined in accordance with the French defense effort.

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Comment: The increase in offshore purchases in response to Pleven's 6 May request, funds allotted under the Moody amendment, and any assistance in Indochina would be in addition to this budgetary support.

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30. French official pessimistic on EDC ratification: The Assistant Political Director of the French Foreign Ministry has confided to an American Embassy representative his belief that prospects for French ratification of the EDC are less favorable now than they were in the spring. He based this estimate on the increasing awareness in France of growing German strength.

He believes that the outcome will be influenced not only by the situation in regard to offshore procurement and American guarantees on Germany, but also by developments in Indochina and North Africa. He thinks, however, that a powerful argument for ratification will be the French conviction that the United States is determined to rearm Germany under any circumstances.

Comment: The tenor of the negotiations which the Schuman Plan Assembly is about to undertake toward the creation of a European political community will have a strong effect on the French attitude when ratification of the EDC is debated. Recognition of Germany's growing potential will also strengthen the French desire to retain some control over German rearmament, and the EDC is the only means toward this end.

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33. Spaniards urge speed in negotiations with US: The American Embassy in Madrid considers the Franco-Visson interview, as reported in the Washington Post on 7 September, an authentic expression of Spanish top-level views on negotiations with the United States. Leading Madrid newspapers, which have echoed Franco's statements that Spain is discussing only joint use and not the cession of bases, and that talks have been retarded by "bureaucrats," are showing a growing impatience with the slow progress to date. They have voiced admiration for the United States and the hope that negotiations will be accelerated.

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Comment: Both Franco and the press appear to reflect the general revival of interest in closer economic and military cooperation with the United States which has appeared in recent weeks. A majority of Spaniards apparently have forgotten the somewhat strained relations of a few months ago and reportedly again favor conclusion of a base rights agreement.

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LATIN AMERICA

34. Argentine labor attache declared persona non grata by Uruguay: The Uruguayan Foreign Ministry informed the Argentine Embassy in Montevideo on 11 September that Labor Attache Alejandro Minones and his secretary were personae non gratae. Police records had shown that the two Argentine officials had been directly involved in Uruguayan labor conflicts.

Comment: Besides interfering in non-Argentine labor matters, Argentine labor attaches are a major channel for Peronista propaganda. Argentina's labor attache in Panama and its consul at Antofagasta, Chile, were recently expelled from those countries for interfering in internal matters.

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